

**How
CPF LIFE
works**



HOW TO USE THIS BOOKLET

Please read the information booklet 'A Guide to CPF LIFE' for an overview of the scheme before reading this booklet. This booklet will help you understand in detail how CPF LIFE works. The main points are listed under the following headings. More information can be found at www.cpf.gov.sg.

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2. How CPF LIFE works

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Annex The meaning of terms used in CPF LIFE

¹ Please refer to the annex for the meaning of Draw Down Age (DDA).

INTRODUCTION

The CPF Lifelong Income Scheme For The Elderly (CPF LIFE) is a scheme that will provide you with a monthly payout starting from your Draw Down Age (DDA), for as long as you live

It improves upon the current Minimum Sum Scheme (MSS) where payouts only last about 20 years.

HOW CPF LIFE WORKS

A CPF LIFE Plan consists of two parts – your Retirement Account (RA) savings and an annuity. Payouts will start at your DDA².

2.1 WHEN I JOIN CPF LIFE

Q: What happens when I join?

A: When you join CPF LIFE, all your RA savings will be used for your LIFE plan. Part or all of the RA savings set aside will be deducted to pay a premium for an annuity (called annuity premium) while the rest of your savings will remain in your RA. The annuity payout will start at various ages, depending on the LIFE plan that you have chosen.

See table below:

	LIFE Basic Plan	LIFE Balanced Plan (default plan³)	LIFE Plus Plan	LIFE Income Plan
Annuity Payout Start Age	90	80	DDA	DDA

Regardless of your LIFE plan, the remaining amount in your RA and the annuity will provide you with monthly payouts for life from your DDA onwards.

Payouts will be made first from the amount remaining in your RA and then your annuity. The monthly payouts from your RA and from the annuity will be about the same⁴.

² If you join after your DDA, payouts will start the following month.

³ The default plan is for members who are automatically included under the scheme from 2013, if they do not choose a plan.

⁴ There could be exceptions such as if you pledge your property and withdraw part of your RA savings. See question on "Pledging Your Property" below.

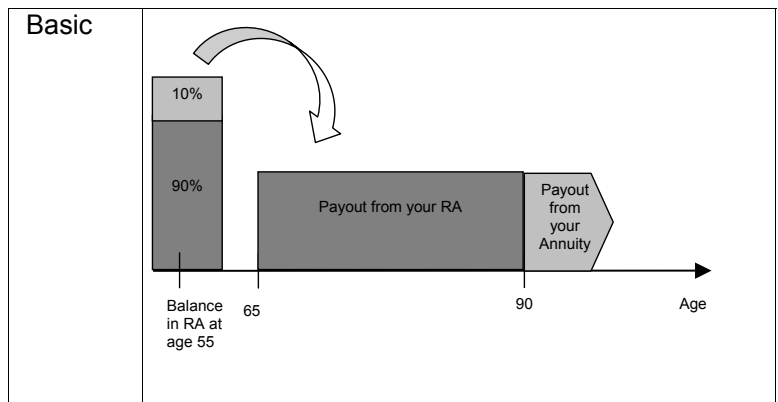
When does monthly payout start from:	LIFE Basic Plan	LIFE Balanced Plan (default plan)	LIFE Plus Plan	LIFE Income Plan
CPF LIFE	From DDA for as long as you live			
(1) RA	From DDA until one month before you turn 90	From DDA until one month before you turn 80	Not applicable	Not applicable
(2) Annuity	From age 90 for as long as you live	From age 80 for as long as you live	From DDA for as long as you live	From DDA for as long as you live

To ensure that the monthly payouts from your RA and the annuity will be about the same, the Board will calculate the annuity premium that needs to be deducted from your RA based on the LIFE plan you have chosen. Your gender and your age at which you join the scheme will affect the annuity premium. You will be informed of the exact amount of annuity premium deducted from your RA when your LIFE plan is issued.

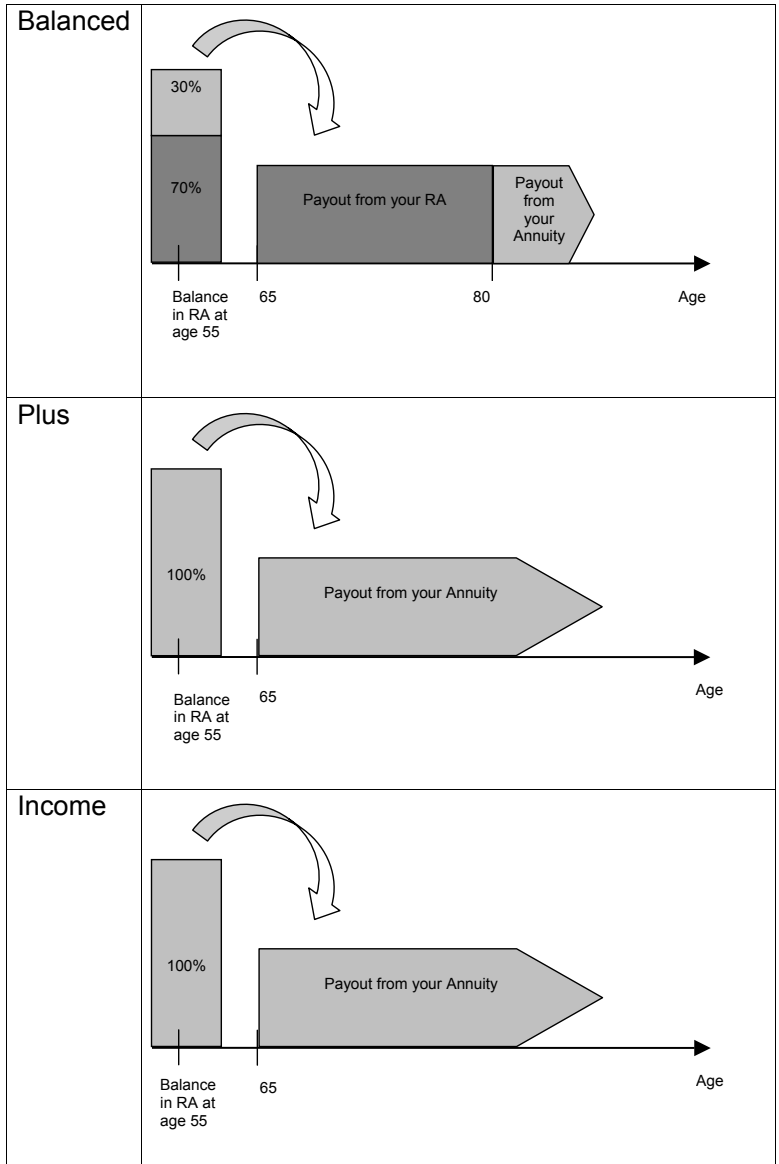
Example 1: If you are a 55 year old male who chooses the LIFE Balanced Plan, about 70% of your RA savings will remain in your RA while 30% will be deducted to purchase the annuity. The approximate amounts⁵ for each of the LIFE plans are shown:

	LIFE Basic Plan	LIFE Balanced Plan (default plan)	LIFE Plus Plan	LIFE Income Plan
Remaining RA savings	90%	70%	0%	0%
Annuity Premium	10%	30%	100%	100%

This is shown diagrammatically below:



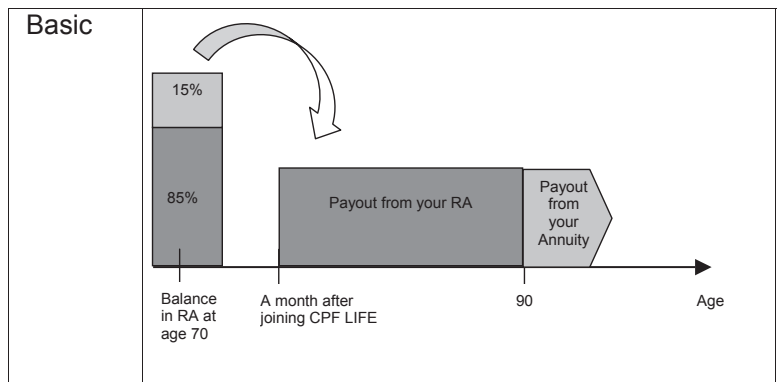
⁵ CPF Board will inform you of the exact premium upon the issuance of your CPF LIFE policy.

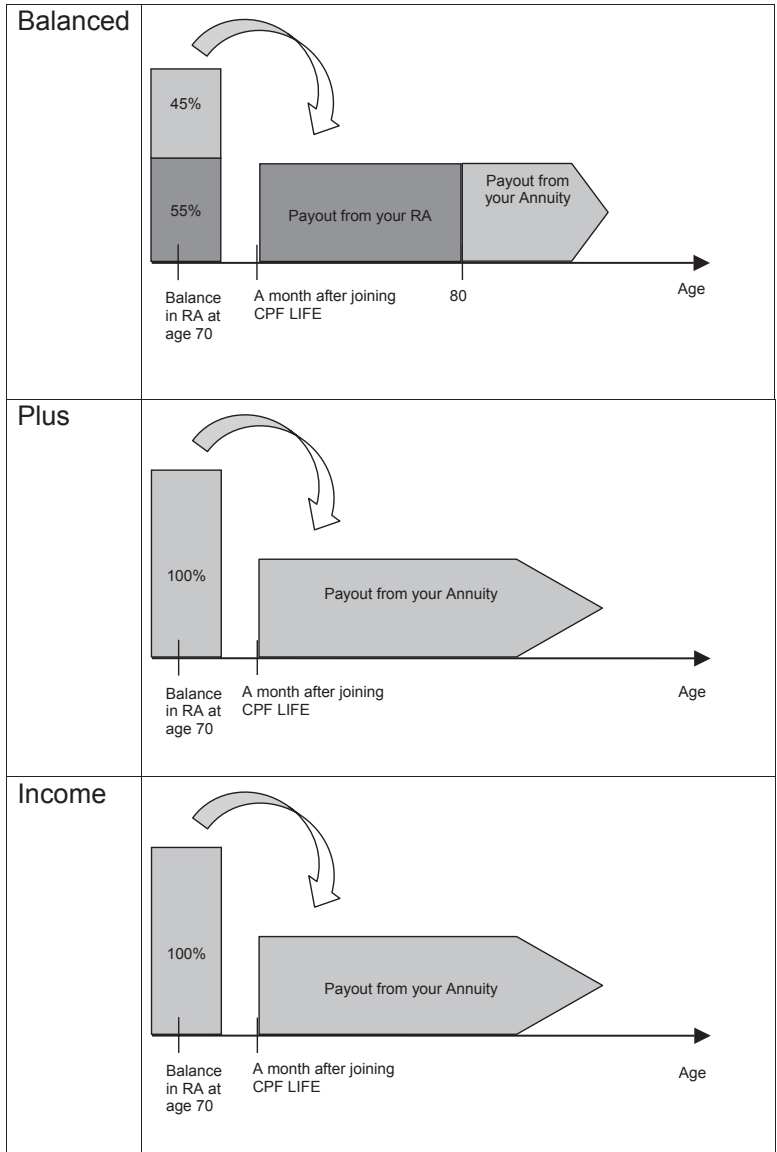


Example 2: If you are a 70 year old male who chooses the LIFE Balanced Plan, about 55% of your RA savings will remain in your RA while 45% will be deducted to purchase the annuity. The approximate amounts for each of the LIFE plans are shown:

	LIFE Basic Plan	LIFE Balanced Plan (default plan)	LIFE Plus Plan	LIFE Income Plan
Remaining RA savings	85%	55%	0%	0%
Annuity Premium	15%	45%	100%	100%

This is shown diagrammatically below:





Therefore, if you choose the LIFE Plus Plan or LIFE Income Plan, you are using all your RA savings to purchase the annuity.

Q: Do my savings used for CPF LIFE continue to earn CPF interest?

A: Yes. Interest earned on the RA savings will continue to be paid into the RA. Interest earned on the annuity premium will be paid into the Lifelong Income Fund and pooled with the interest earned from the annuity premiums paid by the rest of the CPF LIFE participants to provide the life long payout under the scheme.

In addition, you will earn the extra 1% interest on the first \$60,000 of your combined CPF balances⁶ including the annuity premium (less annuity payout) that had been deducted from your RA. This extra interest will be paid into your Retirement Account⁷.

Q: Can I change my plan after I join?

A: No, you are not allowed to change your plan after you join the scheme. As a CPF LIFE participant, changing your plan will affect other members who are already in the scheme.

⁶ With up to \$20,000 from your Ordinary Account.

⁷ Except where it is earned from the Medisave balances, in which case it will be credited to the Medisave Account.

Q: Can I withdraw after I join?

A: No, except on the following grounds:

- a) Medical ground of shortened life expectancy;
- b) Leaving Singapore and West Malaysia permanently with no intention of returning to either country.

If you are on one of the 3 CPF LIFE plans with refund feature, you will receive a discounted refund⁸ of the savings used to join CPF LIFE less any monthly payouts that you have received prior to your withdrawal.

However, if you are on the LIFE Income Plan which is a non-refund plan, you will not receive any refund if you withdraw from the scheme.

Q: Can I still pledge my property?

A: The existing CPF rules allow you to pledge your property and withdraw part of your RA savings. If you had chosen the LIFE Balanced Plan or LIFE Basic Plan, you may have sufficient RA savings to make a property pledge and withdraw part of your RA savings. Take note that the monthly payout from your RA will be consequently reduced⁹ and your RA may be depleted before the annuity payout start age.

If you are on the LIFE Plus Plan or LIFE Income Plan, your entire RA savings will be used for the annuity premium. Thus, you will not be able to withdraw any RA savings, even if you make a property pledge.

⁸ There may not be a refund if the savings used to join CPF LIFE has been fully paid out in monthly payouts.

⁹ However, the monthly payout from your annuity, which starts from the annuity payout start age, will not be affected.

2.2 WHEN I APPROACH MY DRAW DOWN AGE (DDA)¹⁰

Q: What happens 1-2 months before my DDA?

A: From the time you join CPF LIFE till you reach your DDA, your Retirement Account (RA) will be credited with the extra 1% interest earned on the first \$60,000 of your combined CPF balances¹¹ (including the savings deducted as annuity premium when you join CPF LIFE). Additional monies may also be credited to your RA arising from top-ups or refunds due to the sale of your property.

About 1-2 months before your DDA, CPF Board will deduct another annuity premium from these additional monies for your chosen LIFE Plan.¹²

This will be done automatically, and you will then be informed of the exact monthly payout that you will receive from your DDA.

Q: What happens from my DDA?

A: You will start to receive the monthly payout for as long as you live from your RA and/or annuity depending on the LIFE plan you had chosen. The monthly payout would be credited to your bank account via inter-bank GIRO (IBG) by the 7th working day of each month¹³.

The extra 1% interest credited to your RA after your DDA will be paid to you as part of your CPF LIFE monthly payout for as long as it is being earned. The payout from the extra 1% interest earned will reduce over time as your combined CPF balances (including the savings deducted as annuity premium) fall below \$60,000.

¹⁰ This section is only applicable if you join the scheme before your DDA.

¹¹ Up to \$20,000 will be from your Ordinary Account (OA) savings.

¹² These additional monies will be divided in similar proportion as your original RA savings were divided. The amount will include any new inflows to your RA before DDA.

¹³ If the IBG is unsuccessful or you did not provide a bank account, the payouts will be credited to your CPF Ordinary Account which you may withdraw under existing CPF withdrawal rules.

Q: Is the monthly payout fixed?

A: No, the monthly payout may be adjusted every year to take into account factors such as CPF interest rates and mortality experience. The adjustments will usually be small so that payouts are stable.

You will be informed 2 to 3 months in advance if there is any adjustment.

Q: What happens if I receive additional monies to my RA after my DDA?

A: If you receive additional monies to your RA after your DDA (e.g. from top-ups or property refund), they will be paid as part of your RA monthly payouts. This could result in a difference between your monthly payouts from your RA and that from your annuity.

If you wish to purchase another annuity so that the monthly payouts from your RA and the annuity will be about the same, you will need to inform the CPF Board.

2.3 WHEN I PASS AWAY

Q: What happens upon death?

A: The CPF LIFE payout would cease upon death¹⁴.

If you are on any of the 3 LIFE plans, namely the LIFE Basic, LIFE Balanced and LIFE Plus Plans, your beneficiaries may receive a bequest.

However, if you are on the LIFE Income Plan, your beneficiaries would not receive any bequest.

Q: What is bequest?

A: The LIFE Basic, LIFE Balanced and LIFE Plus Plans provide a refund of the unused annuity premium¹⁵ on death. Under any of these plans, the full premium will be refunded if you pass away before any payout has been made from your annuity. If you pass away after the monthly annuity payout has started, the unused premium will be refunded. This amount refunded is known as the bequest.

Any refund will be made to your CPF account and paid together with your remaining CPF savings to your nominees. If you do not have a valid CPF nomination, the savings will be paid to the Public Trustee for distribution in accordance with the intestacy laws.

The LIFE Income Plan is the only plan that **does not** provide any refund of the annuity premium even if the member passes away before any payment has been made.

¹⁴ You may be required to provide satisfactory proof that you are still alive from time to time. If you do not do so within the time period provided, the monthly payout will be stopped. Payment will resume upon presentation of proof of you being alive.

¹⁵ The unused annuity premium is the annuity premium paid less the monthly payouts that you have received from the annuity.

	LIFE Basic Plan	LIFE Balanced Plan (default plan)	LIFE Plus Plan	LIFE Income Plan
How do the bequest compare under the plans?	High	Medium	Low	No bequest
How much bequest will I leave for my beneficiaries when I pass away?	Bequest = Balance in your RA, if any + unused annuity premium.		Bequest = Unused annuity premium.	No bequest. This is a trade off for choosing the highest payout among the four plans.

OTHER QUESTIONS YOU MAY HAVE

Q: How can I get higher payouts?

A: If you wish to have a higher payout in your retirement, you may make cash and/or CPF top-ups into your RA up to the prevailing MS (please refer to www.cpf.gov.sg for information on the prevailing MS).

Please refer to www.cpf.gov.sg for more information on topping up to your RA.

Q: If I join CPF LIFE with less than \$20,000, can I top it up to \$20,000 later in order to receive the full L-Bonus?

A: Yes, but you must top up your RA and commit the amount for CPF LIFE within the L-Bonus eligibility period applicable to you:

Who	When
If you were born before 1955	Before 31 December 2010
If you were born in the years 1955 to 1962	Before turning age 56

The AV & AI when you first join CPF LIFE will be used to determine the full L-Bonus that you will receive.

Q: What must I do if I disagree with the amount of L-Bonus I have received?

A: You should inform the CPF Board as soon as possible so that it can be investigated and rectified if necessary.

If the actual L-Bonus is higher than the amount received, the difference will be credited to your RA.

Conversely, if the actual L-Bonus is lower than the amount received, the difference will be returned to the Government.

ANNEX: THE MEANING OF TERMS USED IN CPF LIFE

Bequest	The money that you leave to your beneficiaries upon death. It consists of your savings used to join CPF LIFE less monthly payouts already received.												
Beneficiaries	Persons nominated by you to receive your CPF savings upon your death or your next-of-kin in accordance with the intestacy laws if you did not have a CPF nomination.												
Draw Down Age (DDA)	Age at which you can start to receive your monthly payouts from your Retirement Account. <table border="1" style="margin-left: 20px; margin-top: 10px;"> <thead> <tr> <th style="background-color: #cccccc;">If you were born in</th> <th style="background-color: #cccccc;">1943 or earlier</th> <th style="background-color: #cccccc;">1944 – 1949</th> <th style="background-color: #cccccc;">1950 – 1951</th> <th style="background-color: #cccccc;">1952 – 1953</th> <th style="background-color: #cccccc;">1954 or later</th> </tr> </thead> <tbody> <tr> <td style="background-color: #cccccc;">DDA</td> <td style="text-align: center;">60</td> <td style="text-align: center;">62</td> <td style="text-align: center;">63</td> <td style="text-align: center;">64</td> <td style="text-align: center;">65</td> </tr> </tbody> </table>	If you were born in	1943 or earlier	1944 – 1949	1950 – 1951	1952 – 1953	1954 or later	DDA	60	62	63	64	65
If you were born in	1943 or earlier	1944 – 1949	1950 – 1951	1952 – 1953	1954 or later								
DDA	60	62	63	64	65								
Extra Interest (EI)	The first \$60,000 of your combined CPF balances (including the savings used to join CPF LIFE), with up to \$20,000 from your Ordinary Account (OA), earns an extra interest of 1%. The extra interest earned is credited to your Retirement Account (except for those earned on your Medisave balance which is credited to your Medisave Account).												
Minimum Sum (MS)	The amount that you are required to set aside at age 55 for retirement needs in your Retirement Account (RA). It can be made of cash, or part cash and part property pledge, with property pledge forming up to 50% of the MS.												
Property Pledge	The amount that is held against your property in lieu of your Minimum Sum. Please refer to the Board’s website for information on property pledge.												
Retirement Account (RA)	An account which is set up when you reach 55 to meet your retirement income needs in old age. This is an individual savings account.												
Mortality Experience	The likelihood of death at various ages. If more persons live longer, your monthly payout might be lower, and vice versa.												

**For more information, please visit www.cpf.gov.sg
Email: cpf-life@cpf.gov.sg
Call CPF LIFE Hotline: 1800 LIFE CPF (1800-5433-273)**

Note:

This booklet is for your reference and retention and the information is correct as at December 2009. The CPF LIFE Scheme is subject to the provisions of the Central Provident Fund Act (Chapter 36) and the subsidiary legislation made thereunder and any amendments thereof, as well as such terms and conditions which may be imposed by the Board from time to time.